



## State of Utah

### Department of Natural Resources

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*Executive Director*

### Division of Oil, Gas & Mining

JOHN R. BAZA  
*Division Director*

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*Governor*

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*Lieutenant Governor*

August 1, 2005

### CERTIFIED RETURN RECEIPT 7002 0510 0003 8603 4315

Terry Wetz  
International Uranium (USA) Corporation  
Independence Plaza  
1050 Seventeenth Street  
Denver, Colorado 80265

Subject: Five-Year Review of Reclamation Surety Estimate, International Uranium (USA) Corporation, Rim-Columbus Mine M/037/006, Pandora Mine M/037/012, LaSal – Snowball Permit M/037/026, Hecla Shaft M/037/043, Redd Block IV M/037/046, San Juan County, Utah

Dear Mr. Wetz:

Thank you for providing the requested information regarding the five-year review status of the Rim-Columbus, Pandora, LaSal-Snowball, Hecla Shaft, & the Redd Block IV Mines, located in San Juan County, Utah. The last combined surety estimate for these mines was \$475,100 in 2002 dollars. Upon review of the information furnished by International Uranium (USA) Corporation and a site visit to verify the site conditions, we find we only need to escalate the existing bonds for a five-year period. The only changes made to the original bond amounts were the addition of monies for reclamation supervision and equipment mobilization/demobilization.

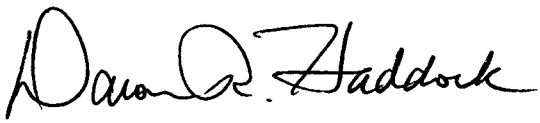
The combined surety for these mines escalated to the year 2010 is \$738,100. Surety Estimate Updates for each site are attached for your use. These Updates show the new bond amounts for each of the individual mines. Please provide the updated sureties within 60 days or no later than September 30, 2005.

You may provide riders to the existing sureties. The Reclamation Contracts would have an addendum added to bring them current. However, if you choose to post another form of surety, please contact Beth Ericksen at (801) 538-5318 to obtain the current bonding forms.

Terry Wetz  
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IUC Surety Updates  
August 1, 2005

If you are unable to provide the sureties within this timeframe, please contact the Division with justification for requesting additional time. Thank you for your help in keeping the surety current. If you have any questions concerning this letter, please contact Doug Jensen at (801) 538-5382.

Sincerely,

  
for Susan M. White  
Mining Program Coordinator  
Minerals Regulatory Program

SMW:DJ:jb

Attachment: (5) Surety Estimate Updates

cc: Frank Bain, BLM, Moab FO w/attachments  
Ted McDougal, BLM Monticello FO w/attachments  
Will Stokes, SITLA (ML24092S, 18301-MM) w/attachments  
Doug Jensen, DOGM  
Beth Ericksen, DOGM

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# SURETY ESTIMATE UPDATE

International Uranium (USA) Corporation

27-Jul-05

Pandora Mine

FILE # M/037/012

San Juan County

Prepared by Utah Division of Oil, Gas & Mining

Last Update

5/12/1997

## DESCRIPTION:

-Previous reclamation surety estimate was \$65,400 in year 1997 dollars

-Reclamation Estimate base amount calculated in 1997-\$

-This update adjusts the surety amount for escalation only.

**- A 10% reclamation supervision cost added to original bond calculation.**

**-Because of proximity, equipment mobilization/demobilization costs will be included in LaSal/Snowball surety estimate.**

-Escalation factors through 2004 are actual Means Historical Cost Indices

-Total disturbed area =

8.9 ACRES

CALCULATIONS	YR	ESCAL	BOND
$F = P(1 + i)^{**n}$		FACTOR	AMOUNT
	1987	0.0195	\$0
	1988	0.0181	\$0
	*** 1989	0.0177	\$65,417
	1990	0.0077	\$65,921
	1991	0.0127	\$66,758
	1992	0.0221	\$68,233
	1993	0.0261	\$70,014
	1994	0.0321	\$72,262
	1995	0.0193	\$73,656
F = Future Sum	1996	0.0242	\$75,439
P = Present Sum	1997	0.0236	\$77,219
i = Escalation Factor	1998	0.0502	\$81,095
n = number of periods	1999	0.0191	\$82,644
	2000	0.0244	\$84,661
Three Yr Average = 4.44%	2001	0.0421	\$88,225
Used to Project 5 Yrs	2002	0.0202	\$90,007
From the Year 2004	2003	0.0155	\$91,402
	2004	0.0976	\$100,323
	2005	0.0444	\$106,778
	2006	0.0444	\$111,519
	2007	0.0444	\$116,470
	2008	0.0444	\$121,642
	2009	0.0444	\$127,043
	2010	0.0444	\$132,683

Updated Surety Amount Rounded (2010-\$)

\$132,700

\*\* Average cost per acre = 13087 (\$/ACRE)

\*\*\* - A 10% supervision cost added to the original surety estimate.